

Document #4750

5/1/86

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: TENTATIVE DESIGNATION OF REDEVELOPER
BUILDING #105 AT THE CHARLESTOWN NAVY YARD
IN THE CHARLESTOWN URBAN RENEWAL AREA
PROJECT NO. MASS. R-55

WHEREAS, the Boston Redevelopment Authority, (hereinafter referred to as the "Authority"), has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified Project; and

WHEREAS, the Urban Renewal Plan for the Charlestown Urban Renewal Area, Project No. Mass. R-55, (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, State and Federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, the Immobiliare-Congress Ventures has expressed an interest in and has submitted a satisfactory proposal for the development of Building #105 at the Charlestown Navy Yard in the Charlestown Urban Renewal Area; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That the Immobiliare-Congress Ventures be and hereby is tentatively designated as Redeveloper of Building #105 in the Charlestown Urban Renewal Area subject to:

- (a) Publication of all public disclosure and issuance of all approvals required by the Massachusetts General Laws and Title I of the Housing Acts of 1949, as amended;
- (b) Submission by the Redeveloper to the Authority within ten (10) days of a letter in which:
 - (i) The Redeveloper agrees to begin substantial exterior and interior construction on or before May 8, 1986 for clean out purposes and to make the building weather-tight;
 - (ii) That the Redeveloper and the Authority agree to use their best efforts to execute a long term lease in a form satisfactory to the Authority by January 8, 1987; further, the Redevelopers agree by this letter of intent to negotiate in good faith a Lease Commencement Agreement and a Payment in Lieu of Taxes

Agreement in a form satisfactory to the Authority by July 1, 1986, and furthermore that the Director is authorized to execute said Agreement. Said payments shall commence May 15, 1986. This minimum payment will continue and be incorporated in the form of the final lease. It is understood by the Redeveloper that the lease shall contain other provisions regarding the rental in addition to the payment of taxes incorporated in the letter of intent.

(iii) The redeveloper agrees to submission within 270 days in a form satisfactory to the Authority of:

- (a) Evidence of the availability of necessary equity funds, as needed; and
- (b) Evidence of firm financial commitments from banks or other lending institutions; and
- (c) Final Working Drawings and Specifications; and
- (d) Proposed development and rental schedule.

2. That the leasing of Building #105 is the appropriate method of making the land available for redevelopment.

3. That the Director is authorized to execute a license with the developer to enter upon this Authority owned property in the Charlestown Navy Yard as the Director determines proper for immediate clean out and making the building weather tight prior to the execution of a formal lease agreement. Said license to include a "Hold Harmless" idemnification of the Authority and such other condition as the Director deems proper and in the best interest of the Authority.

4. That it is the firm intent of the Authority to revoke this designation if the above referred to conditions are not complied with.

5. That the Secretary is hereby authorized and directed to publish notice of the proposed disposal transaction in accordance with Section 105(E) of the Housing Act of 1949, as amended, including information with respect to the "Redeveloper's Statement for Public Disclosure" (Federal Form H-6004).

initiative and are particularly interested in 45 Thorndike Street.

The Ross family is presently residing at 41-43 Thorndike Street and is forced to relocate due to future renovations to the buildings. The Cardinal's program will enable the Ross family to remain in the immediate neighborhood and to have an opportunity to participate in the homeownership market. The Ross family will be given first preference to participate in this program.

The Cardinal's Rehab, Inc. has demonstrated its capability by being involved in other similar housing projects. These projects are located in Dorchester, Roxbury and South Boston and consist of a total of twenty-five housing units.

The total development cost has been estimated at \$107,000. The Cardinal's Rehab. Inc. will be securing the financing from the Haymarket Bank. In addition, Peter Woodford, Project Director of the corporation will be seeking additional funding from the Public Facilities' Housing Alternatives Program in the amount of \$30,000.00

It is the opinion of the staff that this housing initiative optimally meets the City's housing goals, as well as the Authority's objectives, in developing the property for low and moderate income families. The availability of this program will make cooperative ownership a reality for the low-moderate income families who would not otherwise have been able to become homeowners.

Should the Authority tentatively designate the Cardinal's Rehab, Inc. the corporation will submit final working drawings which will conform with the Authority's Standards and Guidelines, and with the South End Urban Renewal Plan.

It is, therefore, recommended that the Cardinal's Rehab, Inc. be tentatively designated Redeveloper of Re-Use Parcel RR-117/45 Thorndike Street in the South End.

An appropriate resolution is attached.



BUILDING #105 CHARLESTOWN NAVY YARD LEASE COMMENCEMENT AGREEMENT SUMMARY

Within 30 days of Tentative Designation, the designated developer and the Boston Redevelopment Authority (BRA) will enter into a Lease Commencement Agreement containing the conditions of Final Designation. The Lease Commencement Agreement will be based on the terms and conditions specified below, which will become effective upon Final Designation.

PROPERTY: Building #105 at the Charlestown Navy Yard, as designated by Lessor

LESSOR: Boston Redevelopment Authority

LESSEE: Immobiliare-Congress Ventures

TERM: 65 years.

RENEWAL: None

FINAL DESIGNATION: Not more than 270 days from the execution of the Lease Commencement Agreement, subject to extension by mutual agreement of Lessor and Lessee.

LEASE COMMENCEMENT DATE: Simultaneous with Final Designation.

RENT:

A. Option Payment: \$.15 per GSF per month, to increase by \$.15/GSF per month at each 3 month interval, will commence one month from Lease Commencement Date and will continue until the start of construction.

B. Base Rent During Construction: 50 percent of the operational period Base Rent, or \$.50 per GSF per annum payable monthly in advance, will commence at the start of construction and will continue until the receipt of a certificate of occupancy.

C. Base Rent: \$1.00 per GSF per annum payable monthly in advance, will commence one month after receipt of a certificate of occupancy.

D. Percentage Rent: 15 percent of annual net cash flow payable monthly in advance based on a budget prepared annually and submitted to Lessor not less than 60 days prior to the beginning of each fiscal year. Annual net cash flow shall be calculated by subtracting the following items from effective gross income: certified operating expenses, real estate taxes, Base Rent, and an annual amount equal to 12.5% of certified total project costs, or 10% if IRB financing is utilized. Within 90 days of the end of each fiscal year Lessee shall submit a

calculation of Percentage Rent for that year certified by a CPA acceptable to Lessor and shall make a payment or receive a credit of Percentage Rent based on the certified statement. Until the annual Percentage Rent amount is certified, and payments and credits are allocated, the monthly Percentage Rent payment in any fiscal year shall be no less than one-twelfth of the fiscal year.

MAINTENANCE
FEE:

\$.05 per GSF of the improvements to the Property per annum will commence one month after receipt of a certificate of occupancy and thereafter is subject to an escalation formula for the remainder of the lease. All redevelopers within the Historic Monument Area of the Charlestown Navy Yard will be required to contribute this amount to maintain the public areas therein.

SECURITY
FEE:

\$.05 per GSF of the improvements to the Property per annum will commence one month after receipt of a certificate of occupancy and thereafter is subject to an escalation formula for the remainder of the lease. All redevelopers within the Historic Monument Area of the Charlestown Navy Yard will be required to contribute this amount for building security in the Navy Yard.

LINKAGE:

The Developer acknowledges that the Improvements are comprised in part of uses described in Section 26-3 of Article 26 of the Boston Zoning Code as in effect on the date hereof (the "Linkage Provisions"), and that the aggregate floor area of the Improvements dedicated to such uses may exceed 100,000 square feet. Accordingly, the Improvements constitute a Development Impact Project as defined in the Linkage Provisions. The Developer agrees that in connection with its application for zoning relief pursuant to the Boston Zoning Code it will enter into a Development Impact Project Agreement, on terms and conditions to be agreed upon between the parties hereto, for the payment of the Development Impact Project Exaction required pursuant to the Linkage Provisions.

DESIGN
GUIDELINES
AND
REVIEW:

A. Lessee must adhere to the Design Guidelines issued September 1984 as part of the request for proposals (attached).

B. Lessee must adhere to BRA Design Review Procedures (attached).

C. Lessee must adhere to the BRA Harbor Park Plan.

D. Lessee acknowledges Design Review Procedures will encompass BRA approval of both exterior and interior building design.

E. Lessee acknowledges that the National Park Service of the U.S. Department of the Interior will jointly review design submissions with the BRA. Lessee must adhere to NPS design and re-use concerns as they relate to the historic significance of the building and the chain forge equipment contained within it.

SUBORDINATION: Lessor's fee interest in the Property will not be subordinated. Lessor's Base Rent will not be subordinated. Percentage Rent will not be subordinated. In the event of a foreclosure, the Lessor may defer Percentage Rent for a period of time sufficient to allow lender to cure.

FINANCING: Any initial permanent financing may not exceed certified total project costs.

REFINANCING: Lessor will receive as Additional Rent 15% of net refinancing proceeds upon refinancing.

SALE: Lessor will receive as Additional Rent 15% of net sales proceeds upon sale.

ALIENATION: Lessee may not dispose of its interest in the project for five years after issuance of a final certificate of occupancy. Thereafter, Lessee may not dispose of its interest in the project without the written consent of Lessor, such consent not to be unreasonably withheld.

**ESTOPPEL
CERTIFICATE:** Lessor agrees to provide any lender that notifies the Lessor of its mortgage interest with an Estoppel Certificate granting such lender notice of default and right to cure as may reasonably be required.

**CONSTRUCTION
OF
IMPROVEMENTS:** Lessee must make improvements on the Property in accordance with plans and specifications approved by Lessor as part of Lessee's Final Designation within 18 months of such Designation.

**CONSTRUCTION
OF PUBLIC
IMPROVEMENTS:** Lessee must make improvements to that area between Buildings 105 and 149 which comprises the extension of the Second Avenue Pedestrian Mall. Lessee must also make landscape and walkway improvements to that area of First Avenue between Ninth Street and Thirteenth Street. Lessee is also required to improve that open space directly across from Building 105 bounded by First Avenue, Ninth Street, Second Avenue, and Building 39 to be known as Chain Forge Park. To accomplish all such improvements, Lessee agrees to expend an amount not less than \$1.7 million. Completion of all such improvements must adhere to the time schedule specified in the preceding section "Construction of Improvements." The design and construction of the improvements will be subject to BRA design review and approval.

**BOOKS AND
RECORDS:** Lessee must provide Lessor with a statement of project costs computed in accordance with the Land Lease, certified by a CPA, and approved by the Lessor, within 120 days of issuance of a final certificate of occupancy. Lessor will use industry standards as a guide to Lessor's approval.

In addition to the reports required for the Percentage Rent calculation, Lessee must provide Lessor with a statement of operation certified by a CPA, and approved by the Lessor, within 90 days of the close of each fiscal year. Lessor will use industry standards as a guide to Lessor's approval.

**AFFIRMATIVE
ACTION:**

Lessee must comply with the Mayor's Executive Order concerning Affirmative Action goals for construction employment, permanent employment and minority business contracting. The Lessor will assist the Lessee in meeting these goals.

**REAL ESTATE
TAXES:**

The Property will be fully taxable by the Assessor of the City of Boston at applicable rates.

LIABILITY:

Lessor and the City of Boston will not incur any expenses in the development of the Property. The Property will be leased in an "as is" condition. Lessee will pay for the cost of any utility relocation not paid by any utility company.

PLEASE NOTE: THERE IS NO PAGE 4.

PART I

MUC-6001
(9-79)

REDEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE¹

A. REDEVELOPER AND LAND

1. a. Name of Redeveloper: IMMOBILIARE-CONGRESS VENTURES
b. Address and ZIP Code of Redeveloper: c/o The Congress Group, Inc.
286 Congress Street, Boston, MA 02210
c. IRS Number of Redeveloper: To be provided when available

2. The land on which the Redeveloper proposes to enter into a contract for, or understanding with respect to, the purchase or lease of land from

Boston Redevelopment Authority and/or The National Park Service
(Name of Local Public Agency)

Charlestown Urban Renewal Plan Amendment Area - Charlestown Navy Yard

in _____
(Name of Urban Renewal or Redevelopment Project Area)

is in the City of Charlestown, State of Massachusetts

is described as follows²

Buildings 58, 60, 62, 79, 96, 105, 108 and 150.

Parcels 5, 6 and 7

3. If the Redeveloper is not an individual doing business under his own name, the Redeveloper has the status indicated below and is organized or operating under the laws of Massachusetts

- ☐ A corporation.
☐ A nonprofit or charitable institution or corporation.
☐ A partnership known as
☒ A business association or a joint venture known as IMMOBILIARE-CONGRESS VENTURES
☐ A Federal, State, or local government or instrumentality thereof.
☐ Other (explain)

4. If the Redeveloper is not an individual or a government agency or instrumentality, give date of organization.
September 27, 1985

5. Names, addresses, title of position (if any), and nature and extent of the interest of the officers and principal members, shareholders, and investors of the Redeveloper, other than a government agency or instrumentality, are set forth as follows:

SEE ATTACHMENT "A"

¹ If space on this form is inadequate for any requested information, it should be furnished on an attached page which is referred to under the appropriate numbered item on the form.

² Any convenient means of identifying the land (such as block and lot numbers or street boundaries) is sufficient. A description by metes and bounds or other technical description is acceptable, but not required.

- a. If the Redeveloper is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock¹
- b. If the Redeveloper is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.
- c. If the Redeveloper is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.
- d. If the Redeveloper is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.
- e. If the Redeveloper is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%.

NAME, ADDRESS, AND ZIP CODE

POSITION TITLE (if any) AND PERCENT OF INTEREST OR
DESCRIPTION OF CHARACTER AND EXTENT OF INTEREST

SEE ATTACHMENT "A"

6. Name, address, and nature and extent of interest of each person or entity (not named in response to Item 5) who has a beneficial interest in any of the shareholders or investors named in response to Item 5 which gives such person or entity more than a computed 10% interest in the Redeveloper (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the Redeveloper; or more than 50% of the stock in a corporation which holds 20% of the stock of the Redeveloper):

NAME, ADDRESS, AND ZIP CODE

DESCRIPTION OF CHARACTER AND EXTENT OF INTEREST

ALL NAMED IN ITEM 5 - SEE ATTACHMENT "A"

7. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 5 or Item 6 above:

ALL NAMED IN ITEM 5 - SEE ATTACHMENT "A"

B. RESIDENTIAL REDEVELOPMENT OR REHABILITATION

(The Redeveloper is to furnish the following information, but only if land is to be redeveloped or rehabilitated in whole or in part for residential purposes.)

¹ If a corporation is required to file periodic reports with the Federal Securities and Exchange Commission under Section 13 of the Securities Exchange Act of 1934, so state under this Item 5. In such case, the information referred to in this Item 5 and in Items 6 and 7 is not required to be furnished.

1. State the Redeveloper's estimates, exclusive of payment for the land, for:

- a. Total cost of any residential redevelopment. \$
- b. Cost per dwelling unit of any residential redevelopment. No New Construction ; -0-
- c. Total cost of any residential rehabilitation. Substantial Rehabilitation ; 1,685,200
- d. Cost per dwelling unit of any residential rehabilitation Average. \$ 56,173

2. a. State the Redeveloper's estimate of the average monthly rental (if to be rented) or average sale price (if to be sold) for each type and size of dwelling unit involved in such redevelopment or rehabilitation:

<u>TYPE AND SIZE OF DWELLING UNIT</u>	<u>ESTIMATED AVERAGE MONTHLY RENTAL</u>	<u>ESTIMATED AVERAGE SALE PRICE</u>
<u>15</u> 1-BR (440 NET SQUARE FEET)	-	40,035
<u>15</u> 2-BR (736 NET SQUARE FEET)	-	70,310

b. State the utilities and parking facilities, if any, included in the foregoing estimates of rentals:

- Individually-metered electricity for all domestic and HVAC uses.
- All mechanical/electrical systems included in sales price. Actual energy costs will be the individual owners' responsibility.

• No deeded parking - on-street parking readily available.

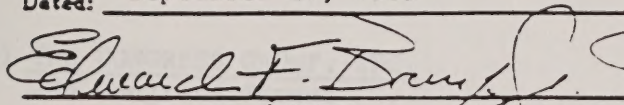
c. State equipment, such as refrigerators, washing machines, air conditioners, if any, included in the foregoing estimates of sales prices: Refrigerators, stove/range, dishwasher/disposal, (washer/dryer- HOOK-UPS ONLY).

CERTIFICATION

I (We) IMMOBILIARE-CONGRESS VENTURES

certify that this Redeveloper's Statement for Public Disclosure is true and correct to the best of my (our) knowledge and belief.

Dated: September 27, 1985

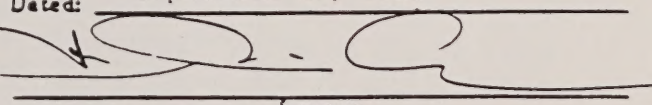


Edward F. Barry
General Partner

c/o The Congress Group, Inc.
286 Congress Street, Boston, MA 02210

Address and ZIP Code

Dated: September 27, 1985



Arturo L. Ressi di Cervia
General Partner

c/o The Congress Group, Inc.
286 Congress Street, Boston, MA 02210

Address and ZIP Code

02210

- 1 If the Redeveloper is an individual, this statement should be signed by such individual; if a partnership, by one of the partners; if a corporation or other entity, by one of its chief officers having knowledge of the facts required by this statement.
- 2 **Penalty for False Certification:** Section 1001, Title 18, of the U.S. Code, provides a fine of not more than \$10,000 or imprisonment of not more than five years, or both, for knowingly and willfully making or using any false writing or document, knowing the same to contain any false, fictitious or fraudulent statement or entry in a matter within the jurisdiction of any Department of the United States.

ATTACHMENT "A"

IMMOBILIARE-CONGRESS VENTURES - A Massachusetts Joint Venture (50/50) of:

1) IMMOBILIARE NEW ENGLAND:

2201 8th Street
Charlestown, MA 02129

A Massachusetts Joint Venture of:

Immobiliare Boston Inc. (50% Partner)
2201 8th Street, Charlestown, MA 02129

Directors: Francesco Brunner
Arturo L. Ressi di Cervia
Enzo Carnio
Harry P. Sacks

Officers: Francesco Brunner, Chairman of the Board
Arturo L. Ressi di Cervia, President
Paul Van Dien Davis, Vice President
Jeffrey A. Aronson, Assistant Clerk
Siro Zanini, Assistant Clerk
A. Jeffrey Dando, Clerk

Canopus LTD (50% Partner) N.Y., N.Y.

Directors: (Same as Immobiliare Boston, Inc.)

Officers: Francesco Brunner, Chairman of the Board
Arturo L. Ressi di Cervia, President
Paul Van Dien Davis, Vice President
Jeffrey A. Aronson, Assistant Secretary
Siro Zanini, Assistant Secretary

2) THE CONGRESS GROUP, INC.

286 Congress Street
Boston, MA 02210

Directors: Edward F. Barry, Jr.
Dean F. Stratouly

Officers: Edward F. Barry, Jr., President
Dean F. Stratouly, Vice President

April 28, 1986

Robert L. Farrell, Chairman
Boston Redevelopment Authority
Parker, Coulter, Daley and White
One Beacon Street
Boston, MA. 02108

Dear Mr. Farrell:

We are writing to thank you and your board for allowing the Charlestown community to review the new submissions of the Myerson-Allen Company and Immobiliare-Congress Ventures relative to Building 105 in the Navy Yard prior to designating a developer of said Building. We have completed that review and we again recommend the designation of the Myerson-Allen Company as developers of Building 105. We emphasize that this is a unanimous recommendation of all individuals and groups involved, representing a broad cross section of the Charlestown community.

On Wednesday evening, April 23, 1986, representatives of the Charlestown Economic Development Corporation, the Charlestown Merchants Association and the Charlestown Preservation Society (fourteen people in all) interviewed both development teams. Besides representing the community, this group's skills and backgrounds included construction trades, small businessmen, attorneys, architects, designers, financial analysts, bankers and real estate development and marketing specialists.

The group agreed with Mr. Coyle's statement at your last board meeting that both proposals are strong proposals. Clearly, both development teams have outstanding credentials and impressive backgrounds. Both teams were open and forthcoming with us. We disagree, however, with what appears to be Mr. Coyle's assumption (and the apparent basis of his recommendation to you) that the numbers only work in the Immobiliare-Congress proposal.

After careful analysis, we have found the Myerson-Allen proposal to be fiscally conservative and financially feasible. Three major categories of expense can adequately describe the development cost difference between the Immobiliare-Congress and Myerson-Allen proposals: first, Immobiliare-Congress proposes to develop 30,000 more gross square feet of space than does Myerson-Allen; second, Immobiliare-Congress proposes a higher cost per square foot construction cost for the project; and third, fees and other expenses figured on a percentage of cost basis will, therefore, be higher for the more expensive proposal. The following is a breakdown of these differences:

	Immobiliare-Congress	Myerson-Allen	Variance
Total Development Cost	15,579,679	7,941,450	7,638,229
*Construction Cost	11,915,000	5,970,000	5,945,000

Cost difference due to:

1. Additional square footage	30,000 X \$91.65		2,749,615
2. Construction Cost per Square foot (\$91.65 v. \$59.70*)	9,165,000	5,970,000	3,195,000
3. Developer's Fee	500,000	275,500	224,500
Architect's Fee	450,000	275,500	174,500
Contingencies	1,300,000	435,200	864,800
Brokerage/Mktg	350,000	80,000	270,000
			1,533,800

Total difference attributable to all three factors = 7,478,415

*Construction cost includes site work and the total cost of the museum/exhibition space. Eliminating the site work does not significantly alter the analysis.

The most troublesome of the three cost factors is, of course, the difference in the construction cost per square foot. After review of the operating assumptions of both proposals, the analysis reveals that if Myerson-Allen used just four of the less conservative assumptions made in the Immobiliare-Congress proposal, they too could afford this higher cost per square foot. Those assumptions are:

	Immobiliare-Congress	Myerson-Allen
Debt Service Rate	10%	10.5%
Debt Service Coverage	113%	121%
Equity Participation	18%	22%
Rentals per square foot	\$23/24	\$20

If Myerson-Allen leased 100,000 square feet of space at Immobiliare's assumptions as noted above, an additional \$3.6 million could be accommodated in the development budget, essentially allowing them the higher construction cost proposed by Immobiliare-Congress.

In addition, it is not at all clear that this higher level of cost is needed, given the market both are seeking and the less complex nature of the rehabilitation Myerson-Allen has proposed. But in any case, since Myerson-Allen has adopted a more fiscally conservative approach, their proposal has more flexibility. If Immobiliare-Congress' assumption of the higher rent acceptability in the market is correct, Myerson-Allen can adjust. If Myerson-Allen's lower rent assumptions are correct, Immobiliare-Congress may have difficulty renting the space.

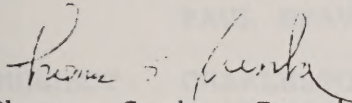
We cite these figures and offer this analysis to show you that there is an explanation for the difference in the costs of these two proposals that has nothing to do with and should not reflect on the feasibility of the Myerson-Allen proposal. Immobiliare-Congress wants to build more and spend more on this project. That approach is not necessary for a successful project. Building 105 is a unique building and its development is not a case where more is better. Overbuilding and overspending will threaten the industrial, historical and architectural integrity of this building.

Finally, we feel that each proposal gives Building 105 a different character. Myerson-Allen's proposals for preserving the exterior character and massing of the building and for preserving large volumes of interior space within the building are more sensitive and appropriate and more in keeping with current preservation thinking. Myerson-Allen's proposals are particularly consistent with National Park Service Guidelines. We do not want to see Immobiliare-Congress' fine arts auction house concept implemented in this building.

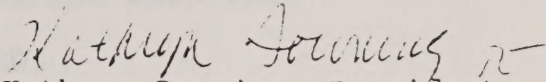
Again, we urge you to designate the Myerson-Allen Company as developers of Building 105. This is a unanimous opinion. Many people in the community have spent several hours reviewing these proposals. Last Wednesday night alone fourteen people worked from 6:30 p.m. to approximately 11:30 p.m. interviewing the Myerson-Allen and Immobiliare-Congress development teams and weighing the merits of each. We have done this in an open and fair manner. We think our efforts represent a high degree of civic awareness and duty. We

expect to be heard and to have our thoughts and wishes considered. If this designation is at all a close question in your minds, and we do not think it should be, then what we have done and what we desire should weight the decision accordingly. Thank you for your attention to our requests.

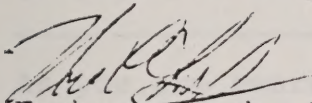
Very truly yours,



Thomas Cunha, President
Charlestown Economic
Development Corporation



Kathryn Downing, President
Charlestown Preservation
Society



Norbert Lynch, Chairman
Charlestown Merchants Association

M E M O R A N D U M

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: SUSAN ALLEN, ASSISTANT DIRECTOR
JAMES ENGLISH, PROJECT COORDINATOR
WILLIAM D. WHITNEY, DEPUTY ASSISTANT DIRECTOR
PAUL REAVIS, CHIEF SENIOR ARCHITECT

SUBJECT: CHARLESTOWN NAVY YARD
BUILDING 105
TENTATIVE DESIGNATION OF REDEVELOPER

As you are aware, a Request for Proposals was issued on August 12, 1985 for four buildings at the Charlestown Navy Yard. As a result of the advertisement the Authority received five proposals for the redevelopment of Building 105 (60,316 GSF) by the September 30, 1985 deadline. Subsequent to this submission and at the request of the National Park Service, a clarification of the guidelines for preservation of the chain forge equipment in the building was disseminated to each team. A response to these preservation requirements was requested by April 2, 1986.

As a result of thorough evaluation by Authority staff and representatives of the National Park Service of the development program, financial terms, design concepts and strength of the development team; it is recommended that Immobiliare/Congress Ventures be tentatively designated as developer of Building 105. The developer will be responsible for the restoration and renovation of the exterior of the building in accordance with the Authority's Rehabilitation Guidelines as specified in the Developers Kit for this building including those conditions of redevelopment which were established by the National Park Service. The developer will be required to renovate the building's interior in accordance with plans submitted to and approved by both the Authority and the National Park Service, Department of the Interior.

The General Partners of the Immobiliare/Congress Ventures are Immobiliare New England (Arturo Ressi, President) and the Congress Group (Edward Barry, President). These two entities have formed a joint venture for the redevelopment of Building 105 and the associated public improvements. Immobiliare and The Congress Group are the largest developers currently working in the Navy Yard and, as individual entities, have demonstrated a unique ability to secure financing, to utilize quality construction methods and materials and to secure tenants for their projects. To date, the joint venture partners have committed over \$153 million in the Navy Yard and their understanding of, and faith in, the future of the Navy Yard is unparalleled.

The developer's proposal for Building 105 calls for a \$15,600,000 rehabilitation of this building into a 130,000 SF commercial project of which approximately 30,000 square feet will be dedicated to the interpretive display of the building's historic chain forge equipment. Of this total project budget, \$1,350,000 will be expended on the construction of public improvements. Representatives of the joint venture have indicated that those lenders which provided financing for Building 149 and 199 also have expressed interest in placing debt for the rehabilitation of Building 105. These lenders include The Bank of New England, Chase Manhattan Bank, North Carolina Bank and Mitsubishi, N.A. The project's operating pro forma indicates that office rental rates of \$24/NSF will carry the \$91/GSF rehabilitation hard construction cost. The Total Development Cost of \$120.00 per square foot is a realistic figure based on the Authority's and the developer's experience in rehabilitating buildings in the Navy Yard. A positive cash flow in the first stabilized operating year is projected.

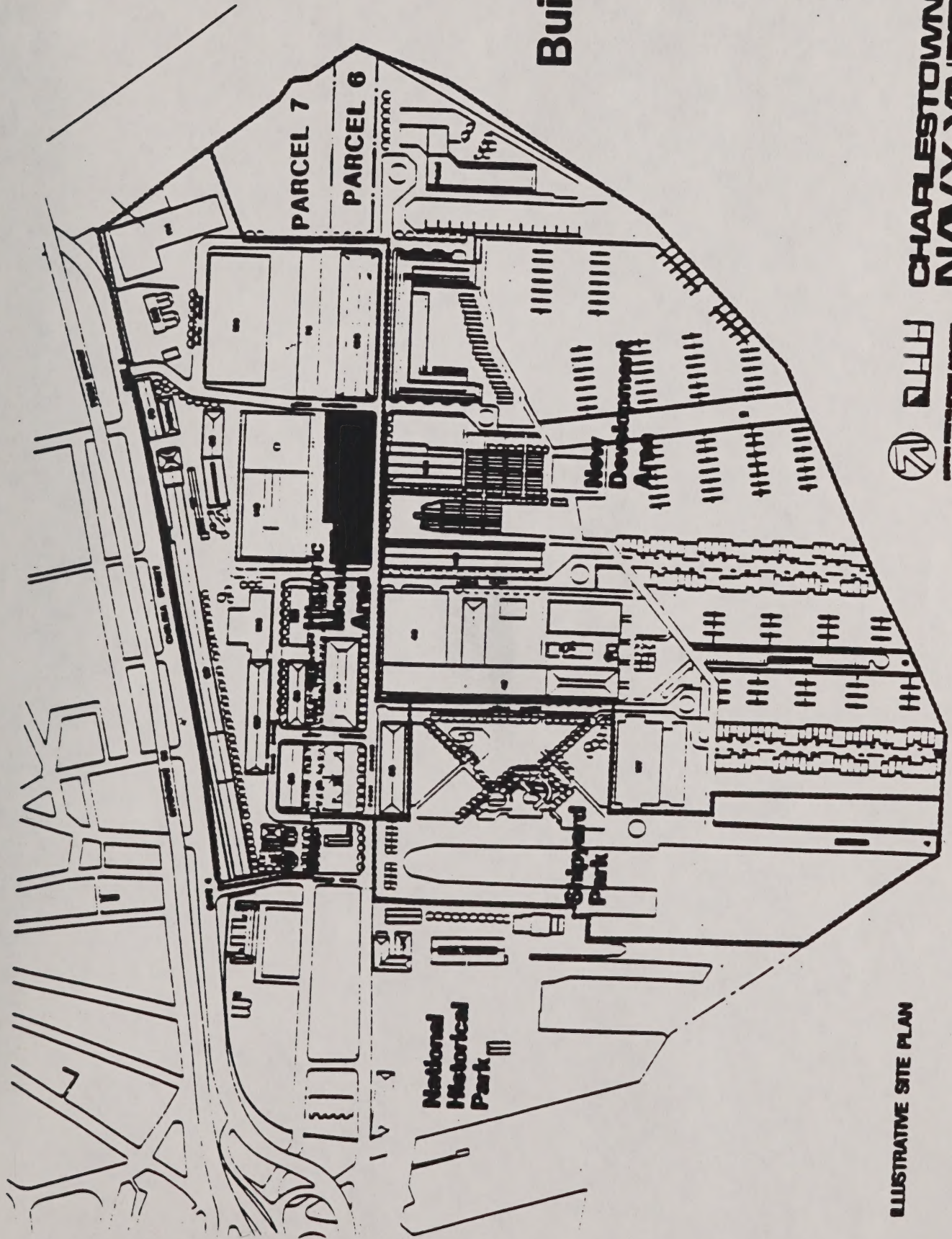
The Chain and Forge Shop is one of the most historically significant buildings in the Navy Yard. The Immobiliare/Congress Group Joint Venture has proposed a most comprehensive and historically sensitive reuse of this building into a mixed use development of 130,000 square feet fronted by a newly constructed Chain Forge Park on the adjacent parcel. This new area of open space, developed at a cost of \$950,000 will include tree lined granite walkways, new lighting and seating, and a series of bronze sculptures which commemorate the working men and women in the Navy Yard. Adaptive reuse of the building will produce 85,000 square feet of office space and a 15,000 square foot auction house and gallery in the former head house. The developer's plan is particularly sensitive to the historic significance of the chain forges in the building. The Architects Collaborative has designed a chain forge display in a center atrium which, by its design and placement, becomes an integral part of this monumental building.

The National Park Service, by letter to the Director of April 14, 1986, has expressed some reservations regarding the developer's treatment of the building form and exterior features. While stating that Immobiliare-Congress Ventures has responded adequately to their preservation/exhibit development requirements, the Park Service feels that certain elements of the developer's design need to be altered to produce maximum retention of the building's historic features. While acknowledging that the granting of a Tentative Designation is in reality the beginning of the design process, it is the staff's recommendation that a sensitive redevelopment of the building will be assured by an expressed requirement in the Lease Commencement Agreement that guarantees the participation of the National Park Service in the ongoing design review process.

The developer has agreed to terms and conditions which are very favorable to the Authority. In addition to an annual \$25,000 contribution for the operation of the chain forge exhibit, the developer will pay a base rent of \$1.00 per gross square foot annually as well as a payment of 15% of net cash flow. In addition, the developer will pay \$.05 per square foot to the Common Area Maintenance Fund annually, \$.05 per square foot for security, and make an additional contribution of \$130,000 to support neighborhood activities in the Charlestown community. Also, the property will be fully assessed for tax purposes, generating over \$270,000 annually to the City of Boston. The development will produce approximately 670 new permanent jobs.

As both the developer and the Authority are desirous of beginning this project as soon as possible, it is further requested the Director be authorized to execute an Early Entry Agreement with the developer, similar to those executed in the past and a Lease Commencement Agreement in accordance with the terms and conditions outlined in the attached summary: said Lease Commencement Agreement to include an explicit condition that redeveloper must satisfy all reasonable redevelopment requirements of the National Park Service, Department of the Interior.

Building 105



ILLUSTRATIVE SITE PLAN

